

(d) if so, the rate of income tax rebate given thereon; and

(e) whether the rate of income tax in respect of a) above is more than the rebate and if so, the steps proposed to be taken to remove the anomaly of charging higher rate of income tax than the income tax rebate thereon even though these instalments of Dearness Allowance are not paid in cash to the officers?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR):

(a) Yes, the instalment of dearness allowance credited to the GPF account of an employee is included in the total income for the purpose of charging income tax thereon.

(b) The rate of tax applicable to the amount of dearness allowance credited to the GPF account and included in the total income of the employee depends upon the amount of total income.

(c) Yes.

(d) The rebate of income tax is allowed at the rate of 20 per cent of the amount qualifying for the rebate;

(e) In the case of individuals charged to tax at the maximum marginal rate of 20 per cent, the rate of income tax and the rate of rebate is the same. However, in the case of individuals whose income is charged to tax at a higher marginal rate, the rate of income tax is higher than the rate of rebate which continues to be 20 per cent. Since instalments of dearness allowance credited to the GPF account are savings, there is no anomaly under the existing system which needs to be removed.

[Translation]

Setting up of Banks in Co-operative and Private Sectors

4152. SHRI RAM LAKHAN SINGH YADAV : Will the Minister of FINANCE be pleased to state :

(a) whether rules and regulations for setting up of banks in the co-operative sector have been changed;

(b) if so, the details thereof;

(c) whether there is a ban on the registration of banks in the private sector;

(d) if so, the reasons therefor;

(e) whether the Government propose to make some changes in this regard;

(f) if so, the details thereof; and

(g) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) and (b) The permission for setting up of banks in the co-operative sector is granted by the Registrar of Co-operative Societies of the concerned State/Union Territory where the bank is proposed to be set up. Section 22 of the Banking Regulation Act, 1949 (as applicable to Co-operative Societies) inter-alia provides that every co-operative society other than a primary credit society shall before commencing banking business in India, apply in writing to the Reserve Bank of India (RBI) for licence under this Section. Applications for licence are considered by RBI on merit. There has been no change in the legal requirements in this regard.

(c) and (d) Reserve Bank of India has reported that there is no ban on licensing of banks in the private sector

Companies seeking licence for carrying on the business of banking in India have to comply with the capital requirements as outlined in Section 11 of the Banking Regulation Act, 1949 and other requirements regarding capacity to pay their depositors and conduct of their operations in a manner not detrimental to the interest of the depositors etc. as outlined in Section 22 of the Banking Regulation Act, 1949.

(e) to (g) Do not arise in view of reply to parts (a) to (d).

[English]

**Opening of Local Head Office of SBI
At Kozhikode, Kerala**

4153. SHRI K. MURALEE-DHARAN: Will the Minister of FINANCE be pleased to state :

(a) whether there is any proposal to open the local Head Office of State Bank of India at Kozhikode in Kerala;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) State Bank of India (SBI) has reported that there is no proposal at present to open a Local Head Office (LHO) at Kozhikode in Kerala.

(b) Does not arise.

(c) As per organisational norms, LHO's are generally established at State capitals having regard to the number of branches in that State. SBI presently has 203 branches in Kerala, while LHOs normally control 400 to 500 branches.

**Financial Assistance by NABARD to
Agriculture and Non-Farming Sectors**

4154. DR. G. L. KANAUIA :
SHRI VIRENDRA SINGH
SHRI BALRAJ PASSI :
SHRI DATTATRAYA BANDARU :

Will the Minister of FINANCE be pleased to state :

(a) the details of the agriculture and non-farm sectors in the country which are proposed to be financed by the National Bank for Agriculture and Rural Development indicating the amount to be spent on each project during 1991-92, State-wise;

(b) the break-up of short term and medium term credit to be extended in agriculture and non-farm areas like sericulture, dryland farming, water management etc. in each State; and

(c) the criteria for financing these projects?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) The details of the agriculture and non-farm sectors in the country in respect of which refinance is proposed to be provided by the National Bank for Agriculture and Rural Development (NABARD) under schematic lending during 1991-92 (State-wise) are set out in the attached statement-I

(b) The break-up of estimates of NABARD towards refinance of short-term and medium-term credit limits for the year 1991-92 for the co-operative banks and regional rural banks in respect of both short-term and medium-term and non-farm sector (S.T.) is as under :